

**STATE BANK OF INDIA**

**POLICY**

**ON**

**Know Your Customer (KYC) Standards,  
Anti-Money Laundering (AML) and Combating  
Financing of Terrorism (CFT) Measures**



**Know Your Customer Department**

**R & DB Operations  
Corporate Centre  
Mumbai**

**(Updated as on 31.03.2021)  
(Abridged Version)**

In terms of the provisions of Prevention of Money-Laundering Act, 2002 and the Prevention of Money-Laundering (Maintenance of Records) Rules, 2005, as amended from time to time by the Government of India as notified by the Government of India, Regulated Entities (REs) are required to follow certain customer identification procedures while undertaking a transaction either by establishing an account-based relationship or otherwise and monitor their transactions. REs shall take steps to implement the provisions of the Act and Rules, including operational instructions issued in pursuance of such amendment(s).

Accordingly, KYC/AML/CFT Policy of the Bank has been prepared in line with the RBI Master Direction - Know Your Customer (KYC) Direction, 2016 (updated as on 23.03.2021) and incorporating Bank's approach to KYC, AML and CFT issues.

## **1. OBJECTIVE, SCOPE AND APPLICATION**

- 1.1. The primary objective of the KYC, AML & CFT Policy of the Bank is to prevent the Bank from being used, intentionally or unintentionally, by criminal elements for money laundering or financing of terrorism.
- 1.2. The provisions of this Policy are applicable to all branches/offices of the Bank. These guidelines shall also apply to the branches and majority owned subsidiaries of the Bank which are located abroad, to the extent they are not contradictory to the local laws in the host country, provided that:
  - (a) Where local applicable laws and regulations prohibit implementation of these guidelines, the same should be brought to the notice of RBI.
  - (b) In case there is a variance in KYC/AML/CFT standards prescribed by RBI and the host country regulators, branches abroad/overseas subsidiaries will be required to adopt the more stringent regulation of the two.

## **2. KEY ELEMENTS OF THE POLICY:**

The KYC/AML/CFT Policy of the Bank contains the following key elements:

- (a) Customer Acceptance Policy (CAP).
- (b) Risk Management;
- (c) Customer Identification Procedures (CIP); and
- (d) Monitoring of Transactions

### **3. CUSTOMER DUE DILIGENCE PROCEDURE IN CASE OF INDIVIDUALS:**

Branches/Business Units shall obtain the following from an individual while establishing an account-based relationship or while dealing with the individual who is a beneficial owner, authorized signatory or the power of attorney holder related to any legal entity:

- a) the Permanent Account Number or the equivalent e-document thereof or Form No. 60 as defined in Income-tax Rules, 1962 and
- b) Recent Photograph; and
- c) the Aadhaar number where,
  - i. he is desirous of receiving any benefit or subsidy under any scheme notified under section 7 of the Aadhaar (Targeted Delivery of Financial and Other subsidies, Benefits and Services) Act, 2016 (18 of 2016); or
  - ii. he decides to submit his Aadhaar number voluntarily for identification purposes and consents to undergo authentication

**OR**

- proof of possession of Aadhaar number or any **Officially Valid Document** (OVD-shown below) or the equivalent e-document thereof containing the details of his identity and address and
- d) any such other documents including in respect of the nature of business and financial status of the customer, or the equivalent e-documents thereof as may be required the branches/Business Units, to create customer profile for the purpose of risk categorisation and transaction monitoring.

#### **List of OVDs:**

- i. Passport,
- ii. the Driving License,
- iii. Proof of possession of Aadhaar Number,
- iv. the Voter's Identity Card issued by the Election Commission of India,
- v. Job Card issued by NREGA duly signed by an officer of the State Government and
- vi. Letter issued by the National Population Register containing details of name and address.

#### **4. CUSTOMER DUE DILIGENCE PROCEDURE IN CASE OF NON-INDIVIDUALS**

- a. For opening accounts of non-individuals (entities), identification information of individuals, who are Proprietor(s) / Partner(s) / Beneficial Owner(s) / Authorised Signatories shall be obtained, as detailed in para 3.
- a. Besides prescribed application forms and photographs of persons who will be operating the account, documents as per different Entity Types (i.e., Proprietorship, Partnership, Trust, Companies, Unincorporated association of Individuals etc.) are required for such accounts.

#### **5. PERIODIC UPDATION**

Periodic updation shall be carried out at least once in every two years for high-risk customers, once in every eight years for medium risk customers and once in every ten years for low-risk customers.

#### **6. SECRECY OBLIGATIONS AND SHARING OF INFORMATION**

- (a) Branches shall maintain secrecy regarding the customer information which arises out of the contractual relationship between the banker and customer.
- (b) Information collected from customers for the purpose of opening of account shall be treated as confidential and details thereof shall not be divulged for the purpose of cross selling, or for any other purpose without the express permission of the customer.
- (c) While considering the requests for data/information from Government and other agencies, banks shall satisfy themselves that the information being sought is not of such a nature as will violate the provisions of the laws relating to secrecy in the banking transactions.
- (d) The exceptions to the said rule shall be as under:
  - (i) Where disclosure is under compulsion of law
  - (ii) Where there is a duty to the public to disclose,
  - (iii) the interest of bank requires disclosure and
  - (iv) Where the disclosure is made with the express or implied consent of the customer.

Further, KYC/AML/CFT Policy of the Bank covers various other aspects such as:

- a. Money Laundering and Terrorist Financing Risk Assessment.
- b. Enhanced due diligence.
- c. Simplified due diligence.
- d. CDD Procedure and sharing KYC information with Central KYC Records Registry (CKYCR).
- e. KYC non-compliant/ KYC discrepant accounts.
- f. Furnishing information & maintenance of records of transactions.
- g. Preservation of records.
- h. Reporting requirements to Financial Intelligence Unit – India.
- i. Requirements/obligations under International Agreement.
- j. Reporting requirement under Foreign Account Tax Compliance Act (FATCA) And Common Reporting Standards (CRS).
- k. Monitoring of transactions.
- l. Hiring of employees and employee training.